

NON-DRILLING OIL & GAS LEASE

THIS LEASE, made and entered into this 25TH day of FEBRUARY, 20 10
by and between Edward W & Patricia M Clites (H&W) 4288 Lynnhaven Ave. NE Louisville, Ohio
44641, hereinafter called the Lessor, and North American Petroleum, Inc. P.O. Box 714 Wooster, Ohio
44691, hereinafter called the Lessee.

WITNESSETH:

1. That the Lessor, for and in consideration of one (\$1.00) dollar and other valuable considerations, in hand paid by the Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee the subject lands, being all of those tracts of land situated in Section 29, Washington Township Stark County, Ohio, as described below:

PROPERTY DESCRIPTION:

4.43 Acres more or less, described and bounded as follows:

North: **Hills Manor LLC**

South: **Small Lots**

East: **Creager**

West: **Lynnhaven Ave. , Twiss**

2. This lease is a non-drilling lease. As such, there shall be no drilling or production of oil, gas or their constituents thereof on said lands. However, Lessor does hereby grant to the Lessee the right to unitize said premises, or any part thereof, with other lands to comprise an oil and gas drilling unit of no more than 80 acres for the purpose of drilling, operating for, producing and removing oil, gas and all the constituents thereof from said other lands. Lessor shall receive that proportion of such 1/8th royalty, described below, which acreage herein leased bears to the total number of acres comprising said development unit.
3. No access roads, pipelines or surface equipment shall be placed on the subject lands.
4. This lease shall continue in force and the rights hereunder granted to be quietly enjoyed by the Lessee for a term of 10 YEARS from the date hereof and so much longer thereafter as oil or gas or their constituents shall be found on the unitization in paying quantities in the judgement of the Lessee or as the unitization shall be operated by the Lessee in search of oil and gas.
5. In consideration for the premises, the parties covenant and agree as follows:
 - a. The Lessee shall deliver to the credit of the Lessor, as royalty, free of cost, the monetary equivalent of one-eighth (1/8th) part of all oil produced and saved from the leasehold and the same to be paid on or about 30 days from the date of the month in which same is marketed.
 - b. The Lessee shall deliver to the credit of the Lessor, as royalty, free of cost, the monetary equivalent of one-eighth (1/8th) part of all gas produced from the leasehold. Lessor is to receive the gas price paid to Lessee per thousand cubic feet for one-eighth (1/8th) of all gas marketed from said premises, and the same to be paid for on or about 45 days from the month in which Lessee is paid for said gas marketed.
 - c. In the event the Lessor does not own in entirety the oil and gas associated with the lands described above, then Lessor will receive only that portion of the one-eighth (1/8th) royalty on the oil and gas attributable to the Lessor's proportionate ownership.
6. Lessee agrees to indemnify, defend and save harmless for the life of any one well, the Lessor from any claims whatsoever for damages from any person or persons as a result of Lessee's nearby operations in drilling the well, daily operation of producing the well, or in the periodic collection of oil supplies.
7. All money due under this lease shall be paid or tendered to the Lessor by check made payable to the order of and mailed to the Lessor at the address above, said named account shall continue to receive any and all sums payable under this lease regardless of change in ownership in the premises, or in the oil and gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to the Lessee of notice of change of ownership as hereinafter provided.
8. The consideration, aforementioned payment, and royalties paid or to be paid, as herein provided, are and will be accepted by the Lessor as adequate and full consideration for all the rights herein granted to the Lessee.
9. This lease may be assigned by either party. In the event of any such assignment, each party is to provided notification to the other party.



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10. In the event the Lessee is unable to perform any of the acts to be performed by the Lessee by reason of force majeure, including but not limited to Acts of God, strikes, riots and governmental restrictions, this lease shall remain in force and effect until the Lessee can perform said act of acts.
11. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors, and assigns and the Lessor hereby warrants and agrees to defend title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties by either of them.
12. See Exhibit A attached to and made a part of this lease.
13. Lessee agrees that Lessors shall become additional insurers under Lessee's insurance policy for the purpose of drilling and producing the oil and natural gas herein.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals.

Signed and Acknowledged in the presence of:

Patricia M. Clites

Edward W. Clites

ACKNOWLEDGEMENT

State of Ohio

County of Stark, SS:

The foregoing instrument was acknowledged before me this 25 day of FEBRUARY, 20 10, by EDWARD W. & PATRICIA M. CLITES (H+W) for the purposes herein mentioned.

My Commission Expires 2/2/15

Robert S. Frock

Notary Public

ROBERT S. FROCK

Instrument prepared by: North American Petroleum, Inc.



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